

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to implement policies and procedures related to providing dedicated universal service support for wireless telecommunications services.

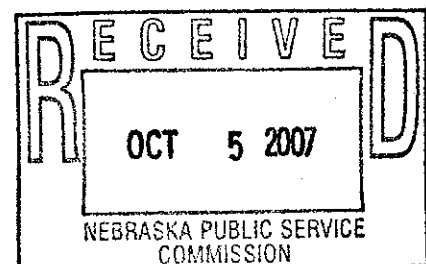
Application No. NUSF-69
Progression Order No. 2

REPLY COMMENTS OF UNITED TELEPHONE COMPANY OF
THE WEST d/b/a EMBARQ

United Telephone Company of the West d/b/a Embarq respectfully submits these comments in response to the initial comments filed in this proceeding. In this proceeding, the Commission requested comments regarding issues surrounding the policies and procedures for the dedicated wireless Nebraska universal service fund ("NUSF").

Parties submitting initial comments in this proceeding were generally in agreement on the issues. Embarq likewise agrees with most of the parties initial comments, with one exception. Embarq disagrees with N.E. Colorado Cellular, Inc. d/b/a Viaero Wireless ("Viaero") regarding its positions on single network provider and reverse auctions.

With respect to the single network provider issue, Viaero claims that limiting NUSF support to a single wireless NETC in each designated service area would not



promote competition and would not be in the public interest.¹ As Embarq stated in its initial comments, using universal service support to promote competition in high cost rural areas just for the sake of competition is not necessarily in the public interest. The legislative policy goal for the NUSF is to ensure that quality telecommunications and information services are available at just, reasonable, and affordable rates.² There is no requirement in Nebraska law that authorizes the Commission to use the NUSF to promote competition.

In addition, the Commission has already determined that it is not in the public interest to support more than one wireline network in the high cost areas of the state where support is being targeted.³ The public policy position should be no different for wireless networks. Supporting multiple wireless networks would, in all likelihood, unnecessarily increase the burden on the NUSF and cause a significant increase in the surcharge that most Nebraska consumers must pay. Any potential benefits associated with the increased competition in the high cost rural areas that could result from supporting multiple wireless networks would likely be far outweighed by the significant costs associated with supporting those additional networks. Embarq agrees

¹ Viaero initial comments at page 3.

² Nebraska Revised Statutes 86-323.

³ *In the Matter of the Nebraska Public Service Commission, seeking to establish a long-term universal service funding mechanism*, NUSF-26 Findings and Conclusions issued November 3, 2004, paragraph 15.

with Qwest's statement that "[s]upporting a single wireless network is more efficient than supporting multiple networks."⁴

Furthermore, supporting a single wireless network will not create a monopoly environment, as Viaero claims.⁵ The NUSF currently only supports a single wireline network provider, yet that fact has not prevented competition from taking root even in the rural, high cost areas of the state. The goal of the dedicated wireless fund should be to extend service to areas currently un-served or underserved by wireless carriers, not to provide customers in those areas with unlimited competitive choices for wireless service. Given that the cost to provide service in these areas is extremely high, it is not in the public interest to provide support to multiple wireless carriers.

With respect to reverse auctions, Viaero argues against the use of reverse auctions, again raising the specter of establishing a monopoly. Embarq disagrees. The use of reverse auctions in the distribution of the limited NUSF support available for wireless carriers is a potentially viable solution. Reverse auctions are one means to distribute limited resources in an efficient manner to ensure the maximum return; that return being the expansion of wireless service into un-served and underserved areas of the state.

From Viaero's initial comments it would appear that it believes the goal of the NUSF is to promote competition. That is simply not true. The Nebraska universal

⁴ *In the Matter of the Nebraska Public Service Commission, on its own motion, to make adjustments to the universal service fund mechanism established in NUSF-26, NUSF-69 PO #1*, initial comments at page 5.

⁵ Viaero initial comments, page 4.

service fund was created to ensure that all consumers have access to quality telecommunications services at just, reasonable, and affordable rates. It is uneconomical for the NUSF to provide support to all wireless networks in the rural high-cost areas of the state. The Commission should extend its policy to support only to a single network provider in each designated area to the dedicated wireless fund. Reverse auctions are one method by which the Commission can arrive at the single network provider to be supported.

Respectfully submitted this 5th day of October 2007.

By: 

Steven G. Seglin (13756)
CROSBY GUENZEL LLP
134 So. 13th St., Suite 400
Lincoln, NE 68508
Phone (402) 434-7300
Fax (402) 434-7303
sgs@crosbylawfirm.com

and

William E. Hendricks
United Telephone Company of the West
d/b/a Embarq
902 Wasco Street
Hood River, OR 97031
Phone (541) 387-9439
Fax (541) 387-9753
Tre.Hendricks@Embarq.com

Attorneys for United Telephone Company
of the West d/b/a Embarq